

## Chapter

# 17

# RESOURCE MANAGEMENT FOR THE SECURITY COOPERATION ORGANIZATION

## INTRODUCTION

Security cooperation organization (SCO) personnel are responsible for managing all the resources that are made available to the SCO. The majority of military and Department of Defense (DoD) civilians are familiar with annually appropriated DoD Operations and Maintenance (O&M) funds as the source of funds for their activities; at the SCO, however, there may be a variety of programs, each with its own funding and requirements for implementation. These programs, combined with a certain level of autonomy at a SCO, make it relatively easy for the responsible personnel to lose accountability of resources. This chapter addresses the realities and requirements of resource management in the SCO, especially for the Senior Defense Official/Defense Attaché (SDO/DATT) position. The processes and procedures outlined within this chapter support the SCO's internal management controls program.

## INTERNAL MANAGEMENT CONTROLS

All of the internal management controls described in this chapter support the Managers' Internal Control Program, as described in the Federal Managers' Financial Integrity Act of 1982, and they are designed to help SCO personnel protect their resources and prevent fraud, waste, abuse, and mismanagement. The SCO implementation of management controls should consist of the following four elements:

1. Documentation—The SCO should document the procedures of the internal control program.
2. Instruction—The SDO/DATT should instruct all SCO members about the program's requirements.
3. Review—The SCO should conduct periodic internal reviews, with one element/sub-element within the SCO performing independent checks of records and procedures on another. Records should be periodically reconciled to ensure accuracy. Periodic physical inventories should also be made of all SCO property.
4. Inspection—Periodic external audits, such as those from the Combatant Command (CCMD) Inspector General, should be conducted approximately every 18 months.

These four elements should minimize loss of resources due to fraud, waste, and abuse.

## FUNDING SOURCES

SCOs have several different sources of funds with which to perform their missions. These funds will usually come to them via their CCMD, but can be sent from a Military Department (MILDEP) or from a DoD agency. In addition to the official funds sent to the SCOs for their operational use, some SCOs might receive funds via a Military Interdepartmental Purchase Requests (MIPR) to support other organizations' operations in-country.

There are several types of funds and assets that a SCO may manage. Typical expenditures of funds would be for:

- Operational and overhead expenses
- Utilities (SCO office and residential)
- Rent (SCO office and residential)
- Temporary duty (TDY)
- Office equipment
- Civilian salaries, both General Service (GS) and Locally Employed (LE) Staff.
- Selected entitlements, such as dependent education

As mentioned above, the funds may come from MILDEPs or DoD agencies; the SCO will likely receive funds from the Defense Security Cooperation Agency (DSCA), categorized as Foreign Military Sales Administration (FMS Admin) or Foreign Military Financing Administration (FMF Admin) funds, as well as from the MILDEPs, referred to as Operations and Maintenance (O&M) funds. In this section, we will discuss these sources of funds, plus several others that are more likely to be used in any particular SCO.

### **Foreign Military Sales Administration (FMS Admin) Funds**

The Security Assistance Administrative Trust Fund is sourced from the administrative surcharge applied to all FMS cases. These funds are then used to administer the FMS process around the world, including the manning of SCOs. These funds are then referred to as “FMS Admin” funds and they are used to support the Security Assistance (SA) activities performed by the SCO.

The Defense Security Cooperation Agency (DSCA) is responsible for these funds and allocates the funds to the CCMDs, who in turn sub-allocate the funds to their respective SCOs. The Defense Finance and Accounting Service – Security Cooperation Accounting (DFAS-SCA) office in Indianapolis, Indiana, performs the official accounting function for these funds.

### **Foreign Military Financing Administration (FMF Admin) Funds**

FMF Admin funds are appropriated by Congress, based on a budget submitted by the Department of State, under the Foreign Operations Authority U.S.C. Title 22. These funds are used to administer FMF activities around the world, including in the SCOs. These funds are referred to as “FMF Admin” and are used to support the FMF activities performed by the SCO, including International Military Education and Training (IMET) and End-Use Monitoring (EUM) activities.

The Defense Security Cooperation Agency (DSCA) is responsible for these funds and allocates the funds to the CCMDs, who in turn sub-allocate the funds to their respective SCOs. DFAS-SCA in Indianapolis, Indiana, performs the official accounting function for these funds.

### **Operations and Maintenance (O&M) Funds**

The CCMD receives O&M funds for in-country support of the DoD and CCMD security cooperation programs that are not categorized as SA. These funds are used for the same types of expenses as FMS Admin and FMF Admin funds, but in support of non-SA programs. They are known as:

- O&M funds in the Air Force
- O&M Army (OMA) funds in the Army
- O&M Navy (O&MN) funds in the Navy

Congress authorizes and appropriates O&M funds for the support of U.S. forces under U.S.C. Title 10, and distributes the funding to the MILDEPs and DoD agencies. The primary source of O&M funds come from the MILDEP that is designated as Executive Agent for the CCMD. The Executive Agent allocates a portion of their O&M to the CCMDs, who in turn sub-allocate the funds to their respective SCOs. The SCO then uses these O&M funds for Security Cooperation Other Than Security Assistance requirements of the SCO. The executive agents for the CCMDs are as follows:

- The Air Force for Central Command and Northern Command
- The Army for European Command, Southern Command, and Africa Command
- The Navy for Pacific Command

### **Important Distinction Between Funds**

The Foreign Assistance Act, Section 636(a), Volume I-A, provides the legal authority to expend security assistance funds only for purposes directly related to the Act. FMS Admin may only be used for the support of security assistance functions. When an office is composed of personnel assigned to both FMS-funded and O&M-funded billets, office expenses such as office supplies, communications charges, vehicle costs, and maintenance must be shared by each funding sources proportionally based on the number of personnel in each category. For example, in a SCO with six FMS-funded positions and three O&M-funded positions, a \$15K office maintenance contract would be funded with \$10K in FMS Admin and \$5K in O&M funds.

### **Additional O&M Programs**

O&M is also used to fund many other special programs. These funds are managed by the CCMDs, MILDEPs, DoD agencies and components, and are identified to support the specific programs that authorize the funds. Each of these O&M funding programs will have its own rules and procedures to be followed. The SCOs who have security cooperation billets on their Joint Manning Document (JMD) are required to prepare and execute a separate budget for each of the authorized programs. The next few sections provide additional information regarding the programs that are most often found in the SCOs.

### **Partnership for Peace**

The Partnership for Peace (PfP) fund is annually appropriated by Congress for DoD use, in support of U.S. efforts in countries participating in the North Atlantic Treaty Organization's (NATO) PfP program. The program directly supports partner countries becoming more operationally-compatible with NATO forces. The funds are provided by the CCMDs to component commands, the Defense Attaché Offices (DAOs), and SCOs for implementation of the program.

### **Traditional Combatant Commander Activities**

The Traditional Combatant Commander Activities (TCA) funds are used to conduct military-to-military contact and comparable activities designed to encourage a more democratic orientation by defense establishments and military forces in other countries. The SCO submits proposed projects and their estimated cost to the CCMD. The CCMD approves appropriate projects and then, when funding is available, provides the funding to the SCO to execute the project.

## **Traditional Combatant Commander Initiative Fund**

The Combatant Commander Initiative Fund (CCIF) is controlled by the Chairman of the Joint Chiefs of Staff, in accordance with DoD Directive 7280.4. A CCMD may request this funding in support of a myriad of projects, to include:

- Force training
- Contingencies
- Selected operations
- Command and control
- Joint and combined exercises
- Military education and training to military and civilian personnel of foreign countries
- For personal expenses of defense personnel for bilateral and regional cooperation programs

These funds are used for a single project and are not a source of funding for a continuing project. Once the funding authority is granted, the funds are managed by the CCMD in the same manner as other O&M funds.

## **Counternarcotics**

Counternarcotics (CN) funds are appropriated to DoD for the support of U.S. and partner nations in fighting the war on drugs. This funding is managed by the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (ASD/SOLIC). These funds may be allocated for use in conjunction with the FMS process to fund a country's training, support, and equipment needs, or in support of U.S. forces/activities engaged in CN operations. Normally, however, these funds are allocated to the military service and managed like O&M funds. The International Narcotics Control Act (INCA) provides funds managed by the DoS which are used to pay for DoD-provided material, services, or training, which are delivered via the FMS process or direct commercial sales (DCS).

## **International Armaments Cooperation (IAC)**

The IAC program provides O&M funds in support of the U.S. personnel authorized under the JMD of the CCMD for IAC activities. The term Defense Cooperation in Armaments (DCA) is used in the law that originally authorized this program managed by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD [AT&L]). These funds are allocated to the CCMD and are managed like other O&M funds. The SCOs with IAC billets on their JMD are required to maintain a separate budget and separate budget execution procedures for these funds.

## **Demining**

Demining funds are made available to aid a country in the removal of landmines and may be allocated for use in conjunction with the FMS process. The SCO will be involved in managing this program and overseeing the use of these funds. The SCO does not budget for these funds; rather, yearly targets are directed from higher headquarters.

## **Humanitarian Assistance**

Humanitarian Assistance funds are allocated to assist partner nations in the construction of needed infrastructure, schools, and hospitals. The SCO will be involved in the managing this program and overseeing the use of these funds. The SCO submits proposed projects and their estimated costs to the CCMD. The CCMD approves the projects and when funding is available, provides the funding to the SCO to execute the project.

## **United States Code Title 10 Programs**

The CCMD centrally manages a special category of funding known as the Title 10 programs, with which the SCO may be involved. These special programs get their name from the same authorizing legislation that Congress provides for Armed Forces activities, but they should not be confused with U.S.C. Title 10 O&M funds. Rather, Title 10 additionally provides funds to support cooperative engagement. It funds material support for the following:

- Humanitarian and civic assistance projects
- Participation in exercises
- Attendance at conferences, seminars or exchanges

The SCO does not budget for these funds; they are provided by the owning organization, as needed.

### **Assistance-in-Kind**

Assistance-in-Kind (AIK) is generally non-monetary support of SCO operational requirements, typically including office space, transportation, utilities, or personnel. AIK support is provided for operational requirements that would normally be funded using FMS Admin, FMF Admin, FMS case, or O&M funds. The range of support to be provided under AIK is decided by a bilateral agreement signed between the U.S. and the partner nation.

### **Antiterrorism and Force Protection Funding**

Antiterrorism/Force Protection (AT/FP) funding is an area of great concern and confusion. The DoS is responsible for funding AT/FP for most of the SA authorized billets, with the CCMD, by agreement, being responsible for AT/FP at selected SCOs and all personnel assigned there, i.e., the DCA officer. DoS will, therefore, be the first place to look for funding of AT/FP requirements. If sufficient funds are not available in from the DoS, then the SCO should submit an unfunded requirement (UFR) to the CCMD to pay for the deficiency. The embassy Regional Security Officer (RSO) should include a statement that the security requirement is valid and that DoS does not have funding.

### **Other Sources of Funding**

Morale, welfare and recreation (MWR), overseas housing allowance (OHA), basic allowance for housing (BAH), and military pay are some of the other sources of funding.

MWR funds are available on a limited basis through the MILDEPs, in accordance with DoD Instruction 1015.10, to support U.S. military personnel at a SCO. These funds are often used for such items as weight-lifting and exercise equipment. The SCO does not budget for these funds; they request them on an as-needed basis.

Housing is typically provided or funded for members of the SCO in one of four ways. The first method is a private lease obtained by the SCO member. In this case, OHA in conjunction with BAH will be used to pay for housing costs for U.S. military personnel. This is the DSCA-preferred method for SCO members. The second method is a government lease, paid directly by the SCO, using FMS Admin, FMF Admin, or O&M funds, depending on which fund source is assigned to the member's billet on the JMD. The lease can be managed through the embassy housing pool or handled separately by the SCO. These SCO-funded leases are generally used only when adequate housing is in limited supply or for security reasons. The third method of providing housing is DoS housing. This is a residence either purchased or on a long-term lease by DoS. This type of housing is rarely available, but when it is, it is funded by DoS. The fourth method of housing, DoD military quarters, is even rarer. These are quarters on a military installation funded by the applicable installation MILDEP.

Military pay is not budgeted by the SCO but paid directly by each member's military service. DSCA centrally funds for all U.S. Coast Guard (USCG) personnel working in the SCO and reimburses the USCG for their compensation.

## FLOW OF FUNDING AUTHORITY FOR THE SECURITY COOPERATION ORGANIZATION

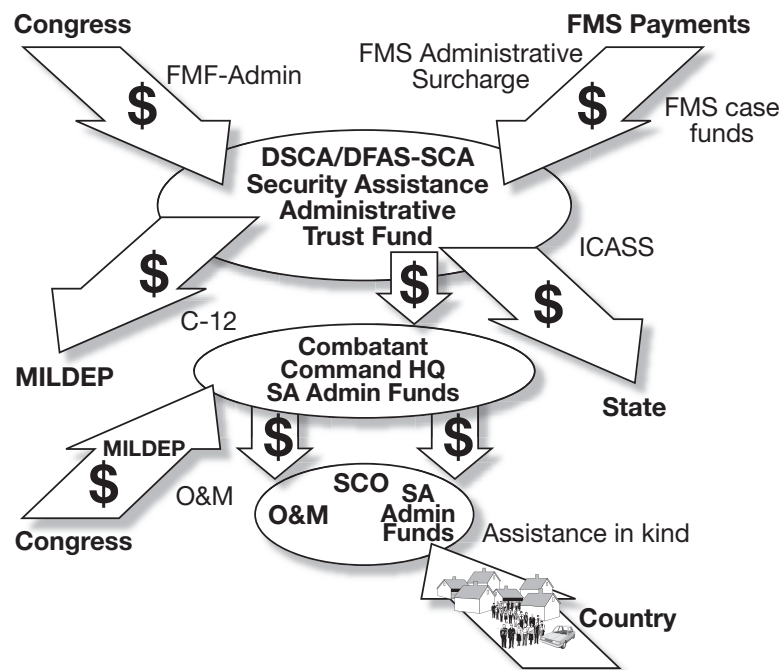
The flow of funding authority to the SCO is complicated, due to the number of funds, the types of activities, and the number of organizations involved. This process can, however, be broken down into some key basic concepts.

Figure 17-1 depicts the flow of funding authority from the sources of funding to the SCO. Starting at the top, the primary fund the SCO uses is the Security Assistance Administrative Trust Fund. The top left shows the flow of funding authority provided by Congress for Security Assistance administration-related requirements for grant programs. The top right shows the flow of funds from the FMS administrative surcharge on FMS cases.

Funding authority for the SA administrative functions of the CCMD is sent to the CCMD and referred to as HQ SA Admin funds. Funding authority for the SCO SA funding requirements is sent to the CCMD for further distribution to the SCOs. From the Trust Fund, funds are sent to DoS to pay for indirect costs that are centrally-funded by DSCA, such as International Cooperative Administrative Support Services (ICASS).

The bottom left of the chart shows the flow of congressionally-appropriated O&M funds to the CCMD and MILDEPs. The MILDEPs also distribute these O&M funds to the other SC organizations that require O&M funds. The CCMDs then provide the necessary O&M funds to the SCO.

**Figure 17-1**  
**Flow of Funds**





## SECURITY COOPERATION ORGANIZATION BUDGET ORGANIZATIONS

An understanding of the various players in the budget process is required before looking at the process itself. There are nine major players involved with the SCO budget process:

- Congress
- DoS
- DSCA
- MILDEPs
- CCMDs
- SCOs
- Embassies
- Global Financial Service Centers (GFSC)
- DFAS–SCA

Congress legislates the appropriated funds portion of the SA FMFP funding and the O&M funding to be used by the SCO. Congress separately legislates an annual dollar ceiling authority for expenditure of SA administration funds out of the trust fund at DFAS–SCA.

The DoS submits the budget request to Congress for the appropriated funds portion of the SA fund requirement in the annual congressional budget justification for foreign operations.

DSCA administers the Security Assistance Administrative Trust Fund and provides budget policy and guidance on the use of FMS Admin and FMF Admin funds. DSCA also provides budget target levels to the CCMDs and reviews and approves their SA-related budgets. The budgets are approved based on the country submissions but the funding levels are issued to the CCMDs as a lump-sum dollar value. This allows the CCMDs to adjust country funding levels as changes in requirements occur. DSCA works with the DoS in preparing the budget request to Congress for the appropriated FMF Admin funds and disburses funds to the DoS for SCO ICASS costs. DSCA also centrally funds USCG salaries and the C-12 aircraft program.

The MILDEPs, as executive agents to the CCMDs, provide budget policy and guidance on the use of O&M funds. They review and approve the O&M budgets for the CCMDs. They also prepare the annual Program Objective Memorandum (POM) submission for the DoD to obtain the funds required. The executive agents for the CCMDs are as follows:

- The Air Force for Central Command and Northern Command
- The Army for European Command, Southern Command, and Africa Command
- The Navy for the Pacific Command

The Combatant Command issue policies and procedures that expand and clarify those issued by DSCA and the executive agents. They issue funding targets for the SCOs to use as a starting point in developing their budgets. The CCMDs review and modify the individual SCO budgets as required and then submit consolidated budgets to DSCA for SA requirements and to the executive agent for O&M requirements. The CCMDs then issue the obligation authority/fund certification authorization (OA/FCA) to the SCO as funding becomes available. This gives the SCO authority to obligate the USG to expend dollars. At the same time the OA/FCA is issued to the SCO, the CCMDs notify DFAS–SCA, so

they can record the OA/FCA values in the official accounting system. This is the formal commitment of a portion of the trust fund to pay for the obligations generated by the SCO. The CCMDs are also responsible for overseeing SCO funds management and implementation.

The SCOs prepare their proposed budgets and submit them to the CCMDs. If the budget request exceeds the target level provided by the CCMD, then the SCO will submit an unfunded requirement (UFR) for each item above the target level. The SCO, upon receipt of the OA/FCA, will execute the day-to-day budget requirements in accordance with the DFAS Memorandum, SAO Accounting Pamphlet, 28 September 2003. The SCO will enter all accounting records into the Defense Agencies Initiative (DAI) online application for all transactions. This information, plus payment information submitted through the DoS accounting system (Momentum) and received by DFAS–SCA, will be used for reconciliation with records in the DAI system.

The embassy will provide contracting support to most SCOs. Generally, DoS has the only bonded contracting officer available in-country, so they provide this service to the other organizations. It is the exception for a SCO to have its own contracting officer. The embassy also provides certain administrative support services specified in the ICASS agreement. These services generally include fund disbursement for the SCO by the embassy and the Global Financial Service Center (GFSC). Again, a few SCOs perform this service in-house, but this is the exception. Financial reports are available to the SCO that show what financial functions the embassy performed for the SCO.

The GFSC is the DoS regional finance center for disbursing funds for the embassies assigned to it. The GFSC reports these disbursements to the embassy that requested them. The disbursements are also reported to DFAS–SCA for all SA disbursements. There are currently two GFSCs, located in Bangkok, Thailand, and Charleston, South Carolina.

DFAS–SCA is the financial and accounting activity for all FMS Admin and FMF Admin funds. DFAS issues general accounting policy and procedures. DFAS–SCA maintains the official accounting records. They post all obligations provided by the SCOs and disbursements provided by DoS and others. DFAS–SCA, in conjunction with the SCO, reconciles the records posted from DoS with those posted by the SCO. DFAS–SCA is also required to perform departmental reporting to the Office of Management and Budget (OMB).

## **PRACTICAL APPLICATION OF DIFFERENT FUND TYPES**

The following example, using the fictional country of Bandaria, shows the sometimes confusing use of various types of funds. This example only identifies a few of the funding sources that a SCO might have and should not be considered an all-inclusive list. Table 17-1 shows the makeup of SCO Bandaria by position.

**Table 17-1**  
**Security Cooperation Organization Bandaria**  
**Make Up and Funding Source**

<b>JMP Position</b>	<b>Name</b>	<b>Grade</b>	<b>Type Funds</b>
ODC Chief	COL Dave Encharge, USA	06	SA Admin
Secretary (U.S. Civilian)	Ms. Mary Nositall	GS	SA Admin
Budget Analyst (LE Staff)	Ms. She Counts	LES	SA Admin
Training Assistant (LE Staff)	Mr. Kan Sendum	LES	SA Admin
Armaments Cooperation	Lt Col Terry Helper, USAF	05	O&M (DCA)
Logistics-Plans Coordination	MAJ Don Supli, USA	04	O&M (GCCMD)



This office has six people funded by four different types of funds. The following provides the funding background for each of the office members.

Colonel Dave Encharge is married, with two teenage children, for a total of three sponsored dependents. His house is rented, not provided through a government lease, so he uses service-provided BAH and OHA to pay the rent on his house in Bandaria. FMS Admin pays the cost of his children's private school; pays for the purchase of office supplies and equipment; and funds his SA-related travel. He and his dependents are also authorized funded environmental morale leave (FEMLE), since they are assigned to an austere location. Colonel Encharge can decide to go to the designated location or another location, but will receive funds up to the constructed cost of traveling to the designated location. The U.S. Army pays his salary.

Because Ms. Mary Nositall, the secretary, was hired locally, she does not receive any housing, dependent education, or transportation entitlements. There are a few GS civilians that receive these entitlements, but only if they have a transportation agreement. FMS Admin funds pay her salary, for her office supplies and equipment, and for any SA-related travel costs she may incur.

Ms. She Counts and Mr. Kan Sendum are local nationals, funded by FMS Admin and FMF Admin, respectively. As LE Staff, their housing and dependent education are not authorized to be paid using SCO funds. Their other support, including salary, office supplies, and equipment, are paid for using FMS Admin and FMF Admin, respectively.

Lieutenant Colonel Terry Helper has no dependents. The U.S. Air Force pays her salary and the BAH and OHA to rent her house in Bandaria. DCA funding pays for the purchase of her office supplies and equipment, and for any DCA-related travel. FMS ADMIN pays for any SA-related travel.

Major Don Supli has one sponsored dependent and the U.S. Army pays his salary. He uses BAH and OHA to pay the rent on his house in Bandaria. CCMD O&M funds pay for the purchase of his office supplies and equipment, and funds CCMD-related travel.

The Bandarians have decided to provide vehicles for SCO use under an FMS case. A case was written to lease four Jeep Grand Cherokees, including their maintenance. The SCO only pays for the fuel for these vehicles.

In all cases, there are two determining factors as to which source of funds to use for any given purchase. The first is the mission. If a member is going to travel, the purpose of the travel determines which funding source to use. Security assistance travel will generally use FMS Admin, unless it is for IMET or EUM missions, which use FMF Admin funds. Travel costs may be split across more than one fund source, if the mission of the travel involves different purposes.

The second determining factor is the position. For each member, support should come from the source of funds that is designated for the position, as noted in the vignettes above. In those cases where the mission is not clear and the expense serves more than one position, such as the office copier or cleaning supplies, some form of cost averaging is usually employed to correlate the source of funds to the composition of the office. In the above example, paying for the annual costs for cleaning supplies could be divided across the three funding sources as FMS Admin – 50%, FMF Admin – 17%, and O&M – 33%.

## **SECURITY COOPERATION ORGANIZATION BUDGET PROCESSES**

A SCO has to deal with funds coming from different sources, as described above. Depending on the Geographic Combatant Command, the budget application that will be used by the SCO for tracking these funds will vary. The Table 17-2 shows the systems that will be used.

**Table 17-2**  
**GCCMD Budget Applications**

<b>Geographic Combatant Command</b>	<b>FMS Admin FMF Admin</b>	<b>O &amp; M</b>
AFRICOM	DAI	GFEBs
CENTCOM	DAI	DEAMS
EUCOM	DAI	GFEBs
NORTHCOM	DAI	DEAMS
PACOM	DAI	SABRS
SOUTHCOM	DAI	GFEBs

## **SECURITY COOPERATION ORGANIZATION BUDGET PREPARATION**

The budget preparation process starts with the annual budget call. DSCA provides a fiscal guidance for each GCC and notifies them of what information is required, when it is required, and with what details. The GCCs then provide fiscal guidance for each SCO and notify them of what to provide to the GCC and the due date. Typically, this process begins around January, with the publication of the DSCA budget call. However, many of the GCCs will start their budget preparation process by early December.

The CCMDs collect the data from the SCOs and input the data into the Comprehensive Cost and Requirements (CCaR) system. CCaR is the authoritative database of record used to develop, submit, and analyze program, budget, and execution data for the Foreign Military Sales (FMS) and Foreign Military Financing (FMF) Administrative budgets. All FMS and FMF Admin account holders are responsible for the accuracy and completeness of the data submitted via CCaR. The Security Assistance Program Budget Review (SAPBR) guidance documents, which are approved by DSCA Headquarters, are stored within the CCaR application. Adherence to these guidance documents will be critical for the successful development and submission of your organization's budgetary and execution requirements to the Defense Security Cooperation Agency (DSCA).

Indirect costs (ICASS, local USCG, C-12 aircraft flying hours, and severance pay) are included in the budget, even though they are not obligated or paid by the SCO. DSCA has responsibility for budgeting for these items but the SCO provides information on them and monitors them throughout the year.

Any mission requirement that cannot be included within the budget target ceiling may be submitted as an unfunded requirement. The GCC reviews and modifies the budgets submitted by each SCO. When the GCCs are satisfied with their budgets, DSCA reviews the overall budget and prepares it for submission to DoD and Congress.

The budget approval and execution process works in reverse of the budget submission process. Congress provides the funding appropriation and authority to DoS, which in turn provides the allocation of appropriated funding to DSCA. DSCA takes this allocated funding, along with the authorized funds from the administrative trust fund account, to provide the GCCs with their approved allotment on a quarterly basis. GCCs issue OA/FCA amounts to the SCOs, authorizing them to obligate the USG to expend funds.

## **SECURITY COOPERATION ORGANIZATION BUDGET EXECUTION**

Receipt of the OA/FCA begins the budget execution process. This phase consists of day-to-day operations, and the Defense Agencies Initiative (DAI) program is used to record the following transactions and to aid the SCO in managing its resources wisely:

Committing funds for SCO requirements

Obligating funds for those requirements

Recording receipt of goods

Reconciling records with DoS and DFAS

The SCOs can only procure those items that are authorized and required to perform their mission. These requirements will include everything from pens and pencils to dependent student education and TDY. For each requirement, the SCO will commit funds to reserve them in the budget for the planned payment. This is done in three forms, purchase request (PR) when DFAS will pay the vendor, MIPR when the funds are being transferred to another DoD organization for obligation, or an Interagency Agreement (IAA) for purchases where DoS will pay the vendor.

Once the SCO has established a commitment, the appropriate paperwork must be processed to create an obligating document. This is usually done through the Embassy and results in a purchase order (PO), contract, or a USG purchase card (GPC) purchase.

The vendor will usually be paid in one of five ways:

- The embassy Budget and Finance (B&F) office can pay the vendor by check or electronic funds transfer (EFT)
- The DoS GFSC can pay the vendor by check or EFT
- The embassy B&F office could provide the SCO with cash to pay the vendor
- The SCO can use a GPC to pay the vendor
- DFAS-SCA can pay the vendor by EFT

If DoS is making the payment, the paperwork will be processed through the Embassy. Otherwise, the paperwork will be processed through DFAS-SCA.

At the end of each fiscal year, the SCO reconciles its records of obligations and payments to ensure that recorded payments agree with actual expenditures, that the budget has sufficient funds to pay all the bills, and that excess funds have been freed up for other obligations.

## **SECURITY COOPERATION ORGANIZATION SECURITY ASSISTANCE BUDGET CAUTIONS AND PROBLEMS**

There are several items that have consistently caused problems for SCOs. Government-leased housing is a prime example, because CCMD approval is required for any lease (plus annual utilities) over \$50,000 of the FMS Admin or FMF Admin funds. The CCMD can approve new and replacement leases for less than \$50,000 or delegate this approval to the SDO/DATT; however, the SDO/DATT may not approve the lease for his or her own quarters.

DSCA approves the purchase of all foreign-made vehicles to ensure the Buy-American Act is adhered to; all other vehicles are approved by the CCMDs. Vehicles may be armored only by sources approved by the General Services Administration (GSA).

Only the CCMD can grant authority for domicile-to-duty transportation, the use of a government vehicle for transportation between home and the office. Domicile-to-duty use of government vehicles requires all members of the SCO to be aware of the limitations of domicile-to-duty. It is based on the threat in a country, is approved by the Secretary of Defense, and is reviewed every six months. It also is deemed a fringe benefit by the Internal Revenue Service and may be noted on a person's W-2 form each year it is authorized.

The SCO will be involved with supporting a host of individuals that are not assigned to the SCO. It is incumbent on the SCO to ensure that funding is provided by the individuals' parent organization to cover the additional expenditures required for these personnel.

## **HUMAN RESOURCES**

One of the key resource areas in a SCO is human resources. Section 515 of the Foreign Assistance Act (FAA) contains a variety of provisions dealing with the organization and roles of SCOs. These provisions limit the number of members of the armed forces permanently assigned to a SCO for the management of the United States (U.S.) security assistance (SA) to six, unless specifically authorized by the Congress. This provision does not apply to civilian billets or to CCMD SC billets within the SCO. This limitation for SA related staffing may be waived if the President determines that U.S. national interests require more than six such personnel. Changes to the SCO's authorized staffing must follow the procedures outlined in Attachment 17-2, Guidelines to Implement National Security Decision Directive Number 38 (NSDD 38). Operational and overhead support for the SA billets comes from the Security Assistance Administrative Trust Fund. All SC billets are supported by O&M funds or funds from the program that authorizes their presence.

### **Security Cooperation Organization Personnel Authorizations**

SCO staffing varies according to the SA and SC program workload, as determined by joint Defense Security Cooperation Agency (DSCA) and CCMD manpower surveys. The workload includes the volume of active Foreign Military Sales (FMS) cases, the number of students programmed for training, the volume of SC programs being managed, and other factors. As a general rule, more than 50 percent of an individual's workload must be performing SA functions in order to be funded from the Security Assistance Administrative Trust Fund. Billets primarily supporting SC programs not to include SA, are normally funded through the CCMD O&M program objective memorandum (POM) process. Once the authorized staffing is approved by DSCA and the Joint Chiefs of Staff (JCS), it is published to the CCMD's Joint Manpower Program (JMP). This document is maintained by the CCMD. There are a finite number of billets available world-wide and, as new requirements arise for a SCO, the CCMD and/or DSCA may require the billets be shifted from one SCO to another or from one CCMD to another. The following categories of billets, authorized for the SA workload of the SCO, may be reflected on a JMP:

- U.S. military personnel. As indicated above, the number of those performing security assistance duties is reported annually to Congress and is subject to congressional limitation.
- U.S. civilian direct-hires. These DoD civilians are hired through the civilian personnel agency associated with the CCMD.

Locally Employed Staff (LE Staff). A general term used for Foreign Service Nationals (FSNs) and resident U.S. citizens who are employed at a post by a USG agency that is under Chief of Mission (COM) authority. They are employed under a direct-hire appointment, a personal services contract, or a personal services agreement. Typical jobs for LE Staff within a SCO include budget analyst, SA training manager, FMS case technician, administrative assistant, translator, and vehicle driver.

The following categories of billets may be present in a SCO but will not be reflected on the JMP:

- Personal Services Agreement (PSA). Personnel (local national personnel, third-country national personnel, USG employee family members, or local non-official U.S. personnel) hired under a limited-term (one year, extendable to ten years) contract to fill bona fide requirements in a SCO. PSAs can fill positions as noted above for LE Staff; however, PSA personnel cannot be contracted to perform duties that are required to be performed by a USG employee, such as certifying funds. The primary advantage in hiring a PSA is that it does not require NSDD 38 approval, whereas hiring LE Staff does.
- Assistance-in-Kind (AIK). The partner nation government may, by way of a bilateral agreement, assign local Ministry of Defense (MOD) personnel to the SCO. These personnel perform administrative or management functions on the country's SA programs and work under the direction of the SCO. The partner nation may also have liaison officers assigned in the SCO.
- Case-funded personnel. In a few countries, the SCO includes personnel (U.S. and non-U.S.) whose services are paid for under an FMS case. These billets are on a relatively permanent basis, but the individuals may change based on the length-of-tour rules included in the case.

U.S. military and civilian direct-hire personnel are compensated in accordance with relevant U.S. laws and regulations. Locally employed staff are compensated in accordance with the local compensation plan (LCP), the embassy's official system of compensation. LCPs are established in accordance with Section 408 of the Foreign Service Act of 1980, as amended United States Code 22 (22 U.S.C.), 3968. Each LCP consists of the salary schedule and rates, statements authorizing various types of benefit payments and premium pay rates, and other pertinent facets of local compensation.

### **Changes in Security Cooperation Organization Manpower**

The SCOs and CCMDs should review JMPs at least annually to ensure that SCO manning conforms to established policy for effectively managing SA and SC programs. When changes are required for SCO JMPs (or when JMPs are required for new SCOs), the requests, with detailed justification in accordance with DoD Instruction 5132.13, Staffing of Security Cooperation Organizations (SCOs) and the Selection and Training of Security Cooperation Personnel, must be submitted to the JCS and DSCA through the CCMD.

Additionally, the COM must concur with any changes affecting the size, composition, or mission of the SCO. The NSDD 38 (See Attachment 17-1), assigns primary responsibility for approval of changes in the size, composition, or mandate of any agency at a U.S. embassy to the applicable COM, in consultation with the DoS. In reviewing the JMP, the SDO/DATT has the ability to narrow or broaden the required or preferred background, skills, and prior training specified for any given billet. This often requires striking a balance between the needs of the SCO and the available pool of manpower. Making a requirement too specific may ensure an ideal candidate for any given position but at the cost of a gapped billet. Conversely, too general a requirement may help ensure timely personnel fills but with personnel who do not have the best qualifications for the job.

### **Security Cooperation Organization Selection**

Personnel are nominated to SCO positions in accordance with DODI 5123.13. Requirements for nomination to a SCO may entail slightly different criteria from the norm with respect to:

- Civilian education
- Training
- Language qualifications
- Military schooling



- Experience
- Area familiarity
- Health
- Family considerations

However, a nomination does not ensure the job, because the CCMD, the ambassador, and the SDO/DATT retain final selection rights.

## **SPECIAL TOPICS IN SCO BUDGETING**

The SCO's three primary fund sources listed above (FMS Admin, FMF Admin, and O&M), may be used for the various operational needs of the SCO. In addition to the "Mission, then position" guideline discussed above, there are areas of special concern for the SCOs. These areas are discussed in this section. These excerpts come, primarily, from The Foreign Military Sales (FMS) Trust Fund Administrative Surcharge Account Handbook for the Security Cooperation Organizations (SCOs), hosted on the DSCA website, with a link also on the DISCS website home page. Throughout this section of this document, FMS Admin and FMF Admin are referred to, collectively, as Security Assistance Administrative Funds (SAAF), unless specifically mentioned separately.

### **Representation Funds**

Representation funds are used to maintain the standing and prestige of the U.S. by extending official courtesies to authorized host nation personnel. The SCO will receive these funds from both FMS Admin and O&M funding. The SCO representation fund budget is small, generally only a few hundred dollars, but it receives a great deal of management attention. Rules for SA representation funds will differ from those of CCMD O&M and those for use by the DAO. To assist in the funding of representational activities during VIP visits (senior flag officers, DoD civilians and others), SCOs are encouraged to request funds from the person coordinating the VIP visit to offset the costs of the activities.

Representation funds may be used to cover the cost of luncheons, dinners, and receptions for authorized personnel, to include gratuities up to fifteen percent of the cost of the services. Mementos may be purchased at a cost not to exceed \$390.00 per person for honored guests and their spouses. These mementos should only be presented to non-USG officials. Non-personal invitations, such as an invitation from SCO Bandaria, rather than from Colonel Encharge, may be bought with these funds. The SCO should refer to DODI 7250.13 for additional guidance, including a list of prohibited items.

Invited guests should be limited to the minimum number required to meet the representational mission. However, the number of distinguished guests must be at least 20 percent of the attendees when the number of attendees is no more than thirty people and at least 50 percent when the number of attendees is more than thirty people. The SCO should refer to CCMD regulations for any additional limitations.

Detailed records of all expenditures of representation funds must be maintained. Guest lists indicating invitees and attendees will be recorded for each event, indicating the distinguished guests and noting the ratio of distinguished guests to U.S. personnel. Financial records of all expenditures must be recorded, as well as perpetual inventories of mementos and expendable items, to include documenting the date of presentation, the memento that was given, to whom it was given, and the reason for presentation.



## **FSN Separation Pay**

Host Nation law dictates when and how separation pay for a Foreign Service National (FSN) is paid. In many countries, the SCO must contribute to a national fund or establish a local account through the Embassy from which separation pay is disbursed. In countries where the local law requires separation pay, the SCO calculates the amount to be disbursed based on information provided by the Embassy and submits the amount to DSCA for disbursement. DSCA has established a separation liability account within the FMS Trust Fund, from which separation pay will be disbursed.

## **Dependent Education**

Family member education is considered a must-pay requirement. SCOs will budget for the educational costs for family members of SAAF-funded and some non-SA funded billets. The costs may include tuition, fees, transportation to and from school, and travel. Dormitory costs are payable for command-sponsored dependents who must attend school at a location other than the sponsor's assigned duty station. The billet of the sponsor will determine what source of funds will pay dependent education expenses. Sponsors on O&M billets will have their dependents' education expenses paid by the Department of Defense Education Activity (DoDEA); sponsors on SAAF billets will have their education expenses paid by FMS Admin or FMF Admin. The following sections will cover dependent education expenses for SAAF billet dependents, as this will come out of the SCO budget and must be planned for in advance. For more information, DoDEA employs representatives for the various regions of the world and can provide answers, regardless of the funding source of the sponsor or the mode of education.

For SAAF billet dependents attending Department of Defense Dependents Schools (DoDDS), the SCO will create obligations in the accounting system to reimburse DoDEA for education expenses. Costs will be paid on a semester basis. Funds for the first semester will be budgeted for and paid in the current fiscal year (prior to 30 Sep). Funds for the second semester of the same school year will be charged to the subsequent (next) fiscal year.

For SAAF billet dependents attending international (Non-DoDDS) schools, SAAF support is limited to the Department of State Standardized Regulation allowance, either at the "at-post" rate for schools located within commuting distance of the sponsor's duty station, or at the "away-from-post" rate for dormitory schools. The "away-from-post" rate for dormitory schools covers tuition costs, room and board, and three trips between the post and nearest locality where an adequate school is available. Any costs exceeding these rates shall not be supplemented with SAAF and will be borne by the sponsor. Costs will be paid on a semester basis unless the school requires a full-year or other tuition payment plan. If an alternative payment plan is used, the SCO shall budget the allocation of funds in the quarter when payment is projected. Ensure the Non-DoDDS school's written request for payment of full tuition or other variation from the semester payment plan is kept on file at the SCO.

Command-sponsored dependents attending high school away from the sponsor's duty station are entitled to three round trips per year to the sponsor's duty location. Command-sponsored family members attending high school or college in CONUS are entitled to one round trip per year to the sponsor's duty location, per Joint Travel Regulation (JTR) Volume Two, Chapter 5, Part C, Section C3, Paragraph C5120.

Sponsors may also choose to home school their dependents. DoDEA will authorize a stipend for the education, based on an itemized budget provided by the sponsor, to be paid by the appropriate funding source.

## **Information Technology**

The CCMD manages the information technology (IT) program for all of their SCOs. They provide the funding for purchase, maintenance, and replacement of SCO computers and cell phones. As noted earlier, the funding source for these items will be determined by the billet (position) that the equipment serves. For example, the computer for the FMS Admin-funded SCO Chief will be purchased, maintained, and replaced using FMS Admin funds. Maintenance of IT equipment may be performed in various ways:

- Embassy IT office
- SCO personnel
- CCMD IT team
- Contracted out to local vendor

Disposition of IT equipment must be performed through the Defense Logistics Agency Disposition Services. The replacement cycle policy for computers is typically five years.

## **Vehicles**

The CCMD establishes authorizations for the number and types of vehicles (e.g., car, SUV, light armor, heavy armor) in accordance with regulations, to include armored vehicles, that are required by each SCO. The CCMD must ensure that all costs associated with its vehicle fleet can be accommodated within its approved Annual Funding Program. Non-tactical vehicle management must be in accordance with DoD Instruction 4500.36R.

DSCA provides SAAF funding for vehicle support, to include normal passenger, non-passenger vehicles, and armored vehicles, when the vehicles are designated as in support of the SA mission. MILDEPs acting as Executive Agent for the CCMD will provide funds for non-SA missions. Vehicle purchase and maintenance are normal recurring costs, and replacement vehicles should be forecast and budgeted within the CCMD's approved Annual Funding Program. Depending on the CCMD, vehicle procurement can take from six months to two years; therefore, to account for long lead-times, each SCO should plan, program, and budget for vehicles through the annual budget request at least two years in advance.

Vehicles that require armoring and other special security measures must be procured from companies with approved DoD or DoS contracts. Additional authorizations for heavy armored vehicles (HAV) and light armored vehicles (LAV) for a SCO must be approved by DSCA in writing and in advance of purchase; this includes approval for replacement HAVs and LAVs.

As noted in AR 1-75/SECNAVINST 4900.49/AFJI 16-104, SAAF will not be used to finance the purchase, long-term lease, exchange, or guarantee of a purchase of motor vehicles unless these vehicles are manufactured in the United States. Requests for exception to this policy must be submitted in writing through the CCMD to DSCA. The Secretary of Defense has delegated foreign-manufactured vehicle approval authority to the DSCA Director, for approval for use in SCOs. The SCO must provide full justification, to include Embassy and CCMD concurrence; security and economic justification factors are the most important considerations in the approval process.

Domicile-to-Duty Transportation (DTDT) is only authorized by the CCMD in accordance with AR 1-75/SECNAVINST 4900.49/AFJI 16-104, and must be renewed on an annual basis. This designation allows SCO members to take government vehicles home at night, rather than using a personal vehicle, typically for security reasons. The minimum number of vehicles consistent with safety considerations will be used to provide DTDT.

## **Housing**

In keeping with DoD policy, DSCA policy states that SCO personnel will procure locally available leased housing by using the overseas housing allowance (OHA). OHA is paid by the member's service direct to the member. The U.S. Ambassador or COM and the Regional Security Officer (RSO) may request embassy-leased housing (ELH) for SCO personnel, due to their concern for the safety and security of personnel and the availability of appropriate housing. If ELH is authorized, costs shall be covered by SAAF for SAAF-funded billets and by O&M for non-SA billets. Because ELH costs are significant, appropriate management of housing is imperative.

### ***Overseas Housing Policies***

Overseas housing is governed in accordance with the 15 series Department of State Foreign Affairs Manuals (FAMs). These FAMs address issues such as dedicated housing, authorized housing, and space allocations. The policies and standards outlined in 15 FAM 211.2 apply to all U.S. Government property and agencies serving abroad that come under the authority of the COM and to all U.S. Government property, as well as to housing acquired under the living quarters allowance (LQA) and OHA programs. No other housing policy takes precedence over or alters these provisions.

In accordance with 15 FAM 212.2-2, the Post Interagency Housing Board (IAHB) is responsible for overseeing the implementation of the housing policy and standards of 15 FAM. Due to its representative composition and familiarity with local housing conditions, the Post IAHB is considered the best resource to administer the local housing program. It reviews LQA/OHA requests for residential quarters exceeding space standards or the established rental control ceiling, housing pool allocations/assignments, and related issues.

Per 15 FAM 235.2, dedicated housing is made available to the senior representative of each Foreign Affairs Agency, to include the Defense Intelligence Agency (DIA). 15 FAM 261 specifies guidelines for the allocation of U.S. Government-owned/long-term lease (GO/LTL) residential space. GO/LTL housing is considered pooled with first consideration of use being given to Foreign Affairs Agencies and DIA. 15 FAM 261.4 states that "Department of Defense (DoD) personnel who are attached to the mission but assigned under foreign military sales or other similar DoD-funded programs are not normally entitled to U.S. Government-held housing. If housing is not provided by the host nation under the terms of a bilateral agreement, then housing is provided within the post's U.S. Government leasing program, or under the living quarters allowance/overseas housing allowance (LQA/OHA) programs and funded by the program under which these personnel are assigned. Such personnel are under the authority of the Chief of Mission (COM) and their housing remains subject to the policies and standards outlined in 15 FAM."

Maximum residential space is based upon rank of the employee and family size in accordance with 15 FAM 237 and 238. Per 15 FAM 236, military and civilian personnel acquiring privately leased housing under the LQA/OHA programs are governed by the same space standards as GO/LTL housing and must meet the residential security requirements contained in 12 FAM 330. Housing proposed for private leases must be approved in advance by the IAHB and the RSO.

### ***Senior Defense Official/Defense Attaché (SDO/DATT) Housing***

In State Department Cable 012933, Subject: Guidance for Posts on DoD's Transition to a Senior Defense Official/Defense Attaché (SDO/DATT), dated 120347Z Feb 09, the housing issue is addressed: "The Foreign Affairs Manual authorizes the assignment of Government Owned (GO) or Long Term Leased (LTL) housing to DIA personnel assigned to Embassies and Consulates (15 FAM 261(2) and 15 FAM 261.4). The establishment of the SDO/DATT does not change or expand entitlement which is based on long-standing legislative and budgetary processes. Any and all SDO/DATT personnel

who are assigned from the various military commands or any DoD unit other than DIA are not/not entitled to GO or LTL housing. Only DIA personnel are entitled to Housing Board assignment to GO or LTL units. Post housing may be affected in cases where there is a GO/LTL 'DATT House' and the Security Assistance Officer is becoming SDO/DATT. Any current 'DATT House' should be returned to the housing pool upon departure of the current DIA-sourced incumbent, since Security Assistance personnel do not have access to GO/LTL Housing."

DoDI C-5105.81, Enclosure 3, paragraph 2.b., Implementing Instructions for DoD Operations at U.S. Embassies, states that "DIA, DSCA, and the Combatant Commands will fund authorized housing costs for SDO/DATT billets assigned to them in accordance with policies and procedures currently in place. Housing subject to Embassy assignment processes is subject to appropriate DoS directives. SDO/DATTs receiving overseas housing allowances for privately leased housing will comply with Joint Federal Travel Regulations. Residential furniture, furnishings, appliances, and equipment may be provided if authorized in accordance with current DIA, DSCA, and Combatant Command policies and procedures. Embassy housing upgrades are not authorized for incumbents who assume SDO/DATT responsibilities on station."

Requests for ELH for newly established offices or for conversion from OHA to ELH must be submitted to DSCA for approval. All other requests for replacement leases or for renewal of existing leases that exceed \$50K, to include utility costs, must be approved by the CCMD, after review and approval by the local Embassy Interagency Housing Board. If a waiver to the DoS space standards is required, this must be obtained from DoS before submitting a request for approval to the CCMD. Funds required for replacement leases or renewals must be programmed in advance and included in the budget submission. Additional new leases should be separately identified and justified as an UFR.

### **Travel (TDY)**

Travel (TDY) is a necessary part of business in a SCO. Personnel may travel for various missions, and, as noted earlier, the mission of the TDY will dictate the source of funds to be used. Some common examples would be:

- Program Management Review (PMR) – If it concerns a single FMS case, case funds should pay for the TDY. There will usually be a travel line on the case for this purpose.
- Security Assistance Management Review (SAMR) – When the review concerns more than one case for the country, then SCO FMS Admin funds will typically be used.
- Enhanced End Use Monitoring (EEUM) inspections - If the TDY is conducted solely for the purpose of the EEUM inspection, the costs will be recorded under SCO FMF Admin funding. If the EEUM inspection is performed in conjunction with an existing TDY, with only incidental costs for the EEUM inspection, all travel costs will usually be recorded according to the primary mission of the TDY.
- Service requirement TDYs (TAP seminars, fitness tests, medical reviews, etc.) – Since it is a Service requirement, the member's service is responsible for funding the TDY.

If the TDY is comprised of multiple missions and locations, i.e., the member is traveling to the CCMD (location A) for exercise planning and then to the National Capital Region (location B) for security assistance meetings with DSCA, the TDY should be proportionally funded from both funding sources. The method is to calculate the cost of traveling to location A and back, to location B and back, and then determining the ratio between the two costs. Then, the actual total cost of the round trip (Home to A to B to Home) is distributed according to that ratio. In DTS, per diem fund source can be set by day, and the cost of transportation can be distributed according to the ratio.

### ***Emergency (Humanitarian) Leave***

SCO Military personnel and their command-sponsored family members who are granted emergency leave (humanitarian leave) by the SDO/DATT are authorized round-trip commercial transportation at government expense, provided government transportation is not available, to the Continental U.S., Alaska, Hawaii, Puerto Rico, or U.S. possessions per Joint Travel Regulations (JTR) Chapter 11. In accordance with the JTR, the cost of authorized commercial transportation will not exceed the cost of government-procured commercial air travel from the nearest location of the SCO or the member's permanent duty station to the CONUS international airport to which a scheduled flight is available. There is no requirement to have a direct flight to the authorized airport, whether it is the airport nearest the location where the member was notified or to the airport nearest the member's permanent duty station. Round-trip transportation through Air Mobility Command Airlift Service is also authorized. The cost of the transportation will be covered by SAAF for SAAF-funded personnel and their dependents, and by O&M for non-SA billets and dependents.

U.S. direct-hire civilians and their family members may use Air Mobility Command Airlift Service on a space-available basis when a bona fide family emergency arises. They will pay the transportation cost at the U.S. Government rate. These individuals also have an option to travel on a non-reimbursable, space-available basis on DoD-controlled aircraft (DoD 4515.13-R, C2.2.3.). Commercial travel in connection with emergency leave will be at the civilian member's expense for SCO personnel and their family members. In the event of TDY status, travel may be authorized as a government expense and would be paid by the billet-supporting fund.

### ***Funded Environmental and Morale Leave (FEML)***

The Funded Environmental and Morale Leave (FEML) program authorizes transportation to an authorized FEML destination from the permanent duty site of SCO personnel and command-sponsored family member's residence at a FEML-authorized duty location. Not all duty locations qualify for FEML and assigned personnel should verify with the CCMD if they are entitled to FEML. SCO personnel are entitled to one trip during a 24-month tour and two trips during a 36-month tour. Extensions beyond 36 months do not grant any additional FEML authorizations. Complete details for SCO members taking FEML can be found in the Joint Travel Regulation (JTR), Chapter 4, Section 0404. A member may not perform FEML travel within six months of the start or end of the tour. Family members must be command-sponsored, but may travel unaccompanied. FEML duty locations and destinations are recertified biennially by the CCMD and approved by OSD (P&R). Appendix S of the JTR identifies approved FEML countries and their designated destinations.

SCO personnel and command-sponsored family members may travel from the assigned duty location to other than a designated FEML destination and/or from other than a designated FEML destination to the FEML duty location. However, the total transportation cost to the government must not exceed the cost incurred if the sponsor or family members had traveled to and/or from a designated FEML destination, as appropriate. Finally, FEML events that do not consume the maximum funds authorized do not entitle the individual to additional FEML travel. Once the individual returns to the assigned duty location, the FEML terminates and the entitlement is considered used, regardless of any remaining value. Also, cruise and tourist packages are not permitted under this entitlement.

### ***Language Proficiency Pay***

While DSCA supports language training for SCO Personnel, it is the responsibility of the CCMD and the MILDEP to ensure required personnel receive pre-assignment language training if the position, as reflected on the JTD, requires language training. It is the responsibility of the CCMD to determine if a position requires a specific foreign language, and, subsequently, the MILDEP to develop and implement language training programs in accordance with the needs of the Service. Although DSCA has no authority to mandate language training, the Agency encourages the use of readily available



Defense Language Institute Foreign Language Center (DLIFLC) and commercial-off-the-shelf (COTS) products for non-linguists. The CCMD must determine which billets require fluency of a specific foreign language and must ensure the personnel requisitions are properly coded to include the requirement for language training. The MILDEPS must ensure that the individual selected to fill a billet is either language qualified or is enrolled in a DLIFLC-certified course of instruction to attain required language proficiency.

Military personnel who have acquired a foreign language and attained a language proficiency rating are entitled to foreign language proficiency bonus (FLPB). FLPB is an incentive pay item and as such requires sustainment training or enrollment in continuing language study to improve one's level of expertise. Foreign Area Officers (FAOs) assigned to a SCO should use FLPB to enroll in local language courses, hire a local tutor, participate in Embassy-sponsored language training, or participate in other suitable language programs. Sustainment language training for FLPB recipients cannot be funded by SAAF resources.

For non-language trained SCO personnel, other training opportunities are available from DLIFLC's distance learning programs as well as COTS language training. Funding for any language training shall be paid by the individual or, in some situations, by the respective CCMD if deemed a valid requirement. Language training is not a valid use of SAAF resources. The majority of language-coded billets in the SCO are for FAOs who are trained by DLIFLC in a representative language

For family members, SCO SAAF funds may not be used to pay for language training. Family members are encouraged to attend language training with their sponsor prior to arrival in country; family members may enroll in language training at the DLIFLC on a space-available basis. Upon arrival in country, family members may attend language training offered by the embassy at their own expense.

The SCO may use SAAF funds to purchase reusable self-paced language training material for use by all SCO personnel. For a SCO staffed with DoD and SAAF-funded positions, the allocation costs of these materials should represent the makeup of the SCO as well. The SDO/DATT may make these media available for use by family members when not in use by SCO staff.

## **Business Cards**

DoD policy allows the printing of business cards for official purposes using existing equipment and software. SAAF may also be used for business cards in countries using the Arabic, Cyrillic, or other non-English alphabets. A SCO may also purchase keyboards with the Arabic, Cyrillic, or other non-English alphabets for the purpose of printing business cards or for other official uses. This exception is restricted to those individuals whose official dealings with government and business interests in those countries are frequent and critical to the interests of the U.S. and require Arabic, Cyrillic, or another non-English alphabets on the reverse; it is not for casual, social or business courtesies unless determined by the SDO/DATT. The CCMD should issue implementing instructions and guidelines as required.

## **INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES**

The International Cooperative Administrative Support Services (ICASS) program is a system for reimbursing the DoS for providing administrative services to the various organizations comprising the U.S. mission in a partner nation. Key elements of ICASS include customer participation, local empowerment, and transparency.

The customer is defined as any organization using the various services available in the embassy. Although customers are involved in the selection of service providers, they can select a provider other than the one selected through ICASS; however, this should be done only after careful consideration of



the total impact on the USG and future availability of the alternate source. Although service providers can be either USG agencies or local vendors, the DoS or U.S. Agency for International Development (USAID) will provide the majority of the services.

The ICASS budget is locally generated and managed. Each embassy determines how much money will be required and how those funds will be spent. They identify what services will be provided, how they will be managed, and how much will be charged for those services.

Another element of ICASS is the total visibility of administrative services and cost elements. The customers help to establish performance standards for services provided. For example, it could be determined that vouchers should be processed within fifteen days. These standards would then be used to rate the effectiveness of the service providers.

ICASS is managed as a modified working capital fund. This fund is no-year funds to allow for unobligated funds to be carried over from one year to the next. These unobligated funds could be returned to all the participating agencies, reprogrammed for other ICASS needs, or retained to reduce the bills of all agencies for the next fiscal year (FY).

Each agency representative signs an ICASS memorandum of understanding (MOU), which defines the services that will be provided and identifies the customers and service providers. The MOU spells out the objectives and service standards established by the ICASS council and details the program evaluation and review procedures. Each customer completes an ICASS agreement for those services to be provided by the ICASS service provider for each type of fund.

The ICASS Council is the formal body of each embassy that develops the charter and approves the MOUs for the embassy. It is authorized to adopt by-laws suitable for local conditions. The council is composed of one senior manager from each Cabinet-level agency and each service provider, with the SDO/DATT representing all DoD agencies on the ICASS Council. The council develops and approves the annual ICASS budget and has the authority to manage all services. The council decides what services are to be provided, which organization will provide those services, and how the services will be provided. It establishes performance standards with each service provider and then evaluates the performance and costs of each service provider. The council will also resolve most disputes among participating agencies.

The Deputy Chief of Mission (DCOM) is an ex-officio member of the ICASS council, providing policy perspective to aid in resourcing decisions but is not a voting member. The DCOM keeps the COM informed on ICASS issues.

The primary role of the COM is in resolving disputes between agencies. An agency can bring a dispute to the COM that could not be resolved in the ICASS Council or a dispute that was decided by the ICASS Council that a participating agency does not agree with.

The ICASS Executive Board in Washington, DC provides the highest level of ICASS policy and is chaired by the Assistant Secretary of State for Administration. Participating agency representatives are at the assistant secretary level. The Executive Board meets quarterly to review and make policy.

Disputes that could not be resolved to the satisfaction of the COM can be sent to the ICASS Executive Board for resolution. This avenue should be pursued only for major items and then only after all other avenues of grievance have been exhausted.

The ICASS Interagency Working Group provides policy on items delegated by the ICASS Executive Board. It is made up of working-level representatives from each agency involved with ICASS and meets twice a month. It communicates policy developed within and from the Executive Board to ICASS member agencies and the field. It reviews and approves non-post costs and factors and resolves issues raised by embassy councils.

The ICASS Service Center is a full-time service organization that serves as the secretariat for the ICASS Executive Board and the ICASS Interagency Working Group. It is a permanent office consisting of interagency staff. It provides budget and financial services to the various ICASS Councils. It provides implementation guidance on ICASS budgets and procedures. It manages a cost distribution computer system and coordinates training on all ICASS issues. It provides customer assistance for post operations.

## **CAPITAL SECURITY COST SHARING**

Capital Security Cost Sharing (CSCS) is the DoS program designed to fund the construction of 150 new embassies and consulates worldwide. It authorizes the Secretary of State to determine the allowable cost share for each tenant agency under COM authority and is designed to generate \$17.5 billion over a fourteen-year period. It is authorized by Section 604 of the Secure Embassy Construction and Counterterrorism Act of 1999, as amended by the FY 2005 Consolidated Appropriations Act (P.L. 108-447). CSCS is also designed as an incentive for all tenant agencies to right-size their overseas staffs to the numbers essential for mission accomplishment.

The DoD is one of the largest tenant agencies; rightsizing is the mechanism by which DoD can minimize its footprint in the embassies and thereby reduce overall CSCS costs. For FY 2014 through FY 2016, DoS will be paid by its tenant agencies for billets at the following rates:

- Controlled Access Area (CAA) Office—\$ 141,466
- Non-CAA Office—\$ 19,607
- Non-Office (warehouse)—\$ 5,373
- Non-embassy space—\$0

Based on these rates, every effort must be taken to minimize the number of billets within the CAA. DoS may grant a waiver for some work spaces to be located apart from the embassy, if the host nation facility provides safety and security equal to or greater than that which would be afforded within the embassy.

Annually, DoS sends a report to the Office of the Secretary of Defense (Comptroller) requesting verification of DoD staffing levels at all embassies. A copy of this report and request for verification is sent to DSCA and forwarded through the respective CCMDs to the SCOs for action. Each SDO/DATT or his/her designated representative must review this document with the SCO joint manning document provided by the CCMD and verify that each entry in the DoS Post Administrative Support System (PASS), maintained by the Administration Section or Human Resources Office, is correct. SDO/DATTs should also check organization title, job titles, numbers of personnel, location within the embassy (CAA, non-CAA, etc.), or external non-embassy space. The accuracy of this review is critical, since DoD pays DoS based upon what tenant agency data is in PASS. Corrections in PASS can only be made at each respective embassy; they cannot be made at the CCMDs or by DSCA.

For DSCA, the purpose of the review is to ensure that DoD pays DoS for the correct number of DoD personnel assigned to the SCO and that within the SCO, DoD is able to verify the correct numbers of personnel assigned to each represented fund source. Within each SCO, there are typically three types of funded positions, as noted above: FMS Admin, FMF Admin, and O&M. DSCA is responsible for the SA positions; the CCMDs or military services are responsible for the O&M billets. Additionally, personnel assigned to a specialized training activity may be reflected in PASS as members of a SCO. In reality, they are not SA personnel but are funded by a military service, which would also be responsible for CSCS.

Upon completion of the review and verification by the SDO/DATT, the DSCA Comptroller is notified through the respective CCMD. If any discrepancies arise that cannot be resolved at the embassies, the SDO/DATT should immediately forward them through the CCMD to the DSCA Comptroller for resolution.

Although this CSCS review is done annually, it is in the best interests of the SCO to periodically review the SCO staffing in PASS to ensure that all corrections are made and that any changes in personnel (increases and decreases due to NSDD-38 and Personal Services Agreement actions) are properly reflected. Any questions should be addressed to DSCA, Directorate of Business Operations, Comptroller.

## **SUMMARY**

The SCO is faced with a daunting task in managing its resources. Through prudent management and oversight, the SCO can avoid major pitfalls. The SCO is not alone; they are supported by many different organizations. They also must report to many different organizations, determined by the source of funding and services provided.

The SCO will generally receive SA administrative funds for most of their SA budget requirements but will also receive some O&M funds for their non-SA programs. The SCO might also use FMS case funding or have support provided to them by the partner nation through AIK. The SCO has several options available to them to fund AT/FP but will start by requesting funds from DoS, then the FMS Admin, FMF Admin, or O&M budget, and finally, the CCMD.

The various types of funds do not flow directly to the SCO. The SCO has funding authority for these funds, sent by DSCA or the MILDEPs via the CCMDs, depending on what service or item is being funded. The actual FMS Admin and FMF Admin funds will be accounted for and disbursed by DFAS-SCA.

There are many players in the SCO budget process. Congress appropriates some funds for the SCO. DoS will submit the appropriated portion of the SCO's budget to Congress annually. DSCA provides budget targets and fiscal oversight for FMS Admin and FMF Admin funds. The MILDEPs provide budget targets and fiscal oversight for O&M funds. The CCMDs provide intermediary support and fiscal oversight for all types of funds. The embassy provides accounting and finance support as required to the SCO. The GFSC provides accounting support for DoS-processed transactions, and DFAS-SCA provides accounting support for all SA transactions. The SCO is responsible for developing its own budget and for effectively managing its funds. DAI is the online application that is used by the SCOs and CCMDs to execute budgets.

The SCO will receive representation funds to maintain the standing and prestige of the U.S. by extending official courtesies to authorized personnel. There are many rules and regulations that govern the use, record keeping, and limitations of these funds, and they are likely to receive more attention than any other single category of funds.

ICASS is a system for providing administrative services to the various organizations in a U.S. embassy. ICASS can be an effective tool for the SCO, and other U.S. agencies within an embassy, to control costs and manage the quality of services. Participation of service providers and customers is essential to the effective implementation of the ICASS program. There are various levels of groups that oversee the ICASS program and provide for conflict resolution.

There are several areas that typically cause problems that the SCO must be vigilant in preventing. An internal management control program will help prevent difficulties from negatively affecting the mission of the SCO. The SCO is faced with a daunting task in managing its resources but, through understanding, vigilance, and asking the right people the right questions, it can maintain a good resource management program.

## REFERENCES

Foreign Assistance Act of 1961, as amended.

The Joint Travel Regulations (JTR), 1 September 2017.

DSCA Manual 5105.38-M, Security Assistance Management Manual. <http://www.samm.dsca.mil/>.

DODD 5105.75, Department of Defense Operations at U.S. Embassies.

DODD C-5101.81, Implementing Instructions for Department of Defense Operations at U.S. Embassies.

DODI 5132.13, Staffing of Security Cooperation Organizations and the Selection and Training of Security Cooperation Personnel.

DoD 7000.14-R, Financial Management Regulation, Volume 15, "Security Cooperation Policy."

DFAS-SCA 7200.1-R, "Administrative Control of Appropriations and Financing of Requirements."

AR 1-75/AFR 400-45/OPNAVINST 4900.31G, Administrative and Logistical Support of Overseas Security Assistance Organizations.

Code of Federal Regulations, Title 41, Public Contracts and Property Management.

DODD 7280.4, Commander in Chief's (CINC's) Initiative Fund (CIF).

DODD 1015.10, Military Morale, Welfare, and Recreation (MWR) Programs.

DODI 5010.40, Managers' Internal Control Program (MICP) Procedures.

DODI 7250.13, Use of Appropriated Funds for Official Representation Purposes.

CJCSI 7201.01A, Combatant Commanders' Official Representation Funds.

AFI 65-603, Official Representation Funds.

AR 37-47, Representation Funds of the Secretary of the Army.

NAVSEAINST 7042.1A, Official Representation Funds.

6 FAH-5, ICASS Handbook.

**Attachment 17-1**  
**National Security Decision Directive Number 38**



The White House  
Washington, DC  
June 2, 1982  
National Security Decision Directive Number 38

**Subject:** Staffing at Diplomatic Missions and Their Constituent Posts

This directive supersedes the directive of October 14, 1974 and subsequent directives governing the Monitoring Overseas Direct Employment (MODE) system.

In accordance with my letter to Chiefs of Mission, and the memorandum of September 22, 1981, conveying it to heads of Executive Departments and Agencies, all agencies with staffs operating under the authority of Chiefs of Mission will ensure that, in coordination with the DoS, the Chiefs of Mission's approval is sought on any proposed changes in the size, composition, or mandate of such staff elements. Departments and agencies wishing to initiate changes should transmit their proposals to Chiefs of Missions in consultation with the DoS. In the event the Secretary of State or his designee is unable promptly to resolve to the satisfaction of the parties concerned any disputes which may arise between Chiefs of Mission and Agency Heads or his designee, the Secretary of State and the other Agency Head concerned will present the differing views to me for decision through the Assistant to the President for National Security Affairs. Formal acknowledgement of changes approved by Chiefs of Mission or determined by me shall be transmitted to diplomatic missions by the DoS.

Overseas staffing of elements with U.S. diplomatic missions abroad shall conform to decisions reached in accordance with the above procedures and decisions made through the budgetary process.

Departments and agencies will keep the DoS informed as to current and projected overseas staffing authorizations for each diplomatic post, differentiating between the number of U.S. personnel and the number of foreign national personnel authorized for each post. The DoS shall maintain a current record of staffing authorizations for each overseas post. Agencies will cooperate with the DoS in providing data including any data needed to meet special reporting requirements.

The DoS, in consultation with concerned agencies, will develop guidelines by July 1, 1982 for my approval to implement this directive.

//SIGNED//

RONALD REAGAN

**Attachment 17-2**  
**Guidelines to Implement National Security Decision Directive (NSDD) Number 38**  
**July 13, 1982**

These guidelines are issued pursuant to the Presidential Directive of 2 June 1982 on Staffing at Diplomatic Missions and Constituent Posts. These guidelines replace all guidelines and other agreements previously in effect under the Monitoring Overseas Direct employment (MODE) system.

The purpose of the Directive and these guidelines is to allow the flexible, systematic and expeditious deployment and management of personnel of all USG agencies operating under the authority of Chiefs of Mission in support of U.S. foreign policy objectives.

These guidelines will ensure that the approval of Chiefs of Mission is sought by USG agencies on proposed staffing changes for activities operating under the authority of Chiefs of Mission. The Chiefs of Mission will transmit their views on overseas presence to the DoS, as department and agency representatives will communicate with their respective department/agency headquarters in this regard.

These guidelines also provide for the resolution of disagreements, should such arise between the Chiefs of Mission and department/agency representatives and between the DoS and department/agency heads.

**A. Requests for Changes in Staffing**

1. Preliminary or exploratory consultation by the requesting agency with the Chief of Mission regarding staffing changes is encouraged. Such informal proposals may be initiated in Washington or by agency overseas representatives.
2. Formal requests for approval of staffing changes as required by the Directive must be made by the cognizant agency to the Chief of Mission in consultation with the DoS. Copies of such requests will be provided to the DoS.
3. The Chief of Mission will convey his views on formal requests to the Department of State. The point of contact in the DoS for such matters is the Office of Management Operations (M/MO), Room 7427, (Since changed to the Office of Management Policy and Planning, M/P, Room 5214), Attention: Assistant for Overseas Positions. The Chief of Mission's response to the formal request should be addressed to that office for action. Copies of requests and responses will be given to the appropriate regional and functional bureaus in the DoS and the requesting agency.

**B. Resolution of Disagreements**

1. If there are disagreements over staffing levels between Chiefs of Mission and agency heads, the views of both parties will be forwarded to M/MO (M/P) for immediate presentation to the Secretary of State for decision within 15 working days of receipt from M/MO.
2. If the Secretary of State is unable to resolve the issue to the satisfaction of the parties concerned, the Secretary and the Agency head concerned will present their respective views to the President for decision through the Assistant to the President for National Security Affairs.



**Attachment 17-2 (Continued)**  
**Guidelines to Implement National Security Decision Directive (NSDD) Number 38**  
**July 13, 1982**

C. Formal Acknowledgement of Changes

1. Changes in staffing levels at individual posts reached in accordance with the above procedures will be provided by telegram from the DoS to the Chief of Mission, and the agencies concerned

D. Staffing Authorization Records

1. The DoS shall maintain a current record of staffing authorization for each overseas post. Staffing authorization is defined as all full-time, permanent, direct hire, United States government employees, including foreign nationals, and United States Military Personnel under the authority of a Mission Chief.
2. Departments and agencies will provide the current and projected overseas staffing authorization information, required by the directive, to the DoS, Office of Management Operations (M/MO), Room 7427, (Since changed to the office of Management Policy and Planning (M/P), Room 5214), Attention: Assistant for Overseas Positions. That official will solicit additional information from departments and agencies when necessary to meet special reporting requirements as established by statute or as levied by the NSC, OMB, or the Congress.

